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**FISCAL IMPACT STATEMENT**

**LS 6074**

**BILL NUMBER:** HB 1134

**NOTE PREPARED:** Feb 25, 2005

**BILL AMENDED:** Feb 24, 2005

**SUBJECT:** ISTEP Testing.

**FIRST AUTHOR:** Rep. Heim

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) **(A)** The bill provides that the ISTEP test must be administered during the spring semester for school years beginning after June 30, 2006.

**(B)** The bill provides for a spring ISTEP pilot test in May, 2006.

**(C)** The bill requires the Department of Education (the Department) to develop a ten year plan for student diagnostic and summative achievement assessment before August 2, 2005.

**Effective Date:** (Amended) Upon passage; July 1, 2005.

**Explanation of State Expenditures:** (Revised) *Summary:* **(A)** Under the bill, the Department of Education would be required to administer ISTEP examinations during the spring instead of the fall for Grades 3 thru 10. The first spring ISTEP examinations would occur in 2006-2007 school year. Under provision **(B)**, a piloting phase would be implemented which would affect the impact to state expenditures.

**(B)** The Department would likely incur additional administrative expenses to pilot new ISTEP examinations for Grades 3 thru 10. Current assessments are based on proficiencies from the preceding grades (Grades 2 thru 9). New assessments given in spring would need to be based on current grade proficiencies. The development of a new test typically involves the following determinations when establishing alignment with a set of state standards: (1) the number of questions; (2) the length of each question; (3) cutoff scores; and (4) test validity and reliability.

(C) The Department would be required to develop a plan to assist teachers to diagnose student educational needs in English, Math, Science, and Social Studies. The plan would have to include assessments for grades K-12, which for grades 3-12 would have to be online. Also included in the plan would be a new graduate examination and written essay examinations. The plan would designate that assessments and graduate examinations would be administered annually during two weeks in May.

Additionally, before October 1, 2005, the Department would be required to develop a plan to establish a long-term contract with a vendor to implement the assessment proposed by the bill. The bid process must be completed by December 31, 2005. A selected vendor would develop the proposed spring pilot test.

The funds and resources required above could be supplied through a variety of sources. Ultimately, the source of funds and resources required to satisfy the requirements of this bill would depend upon legislative and administrative actions.

*Fiscal Information Background:* If additional test question development and piloting were required, CTB McGraw-Hill, the current vendor of the ISTEP examination, roughly estimates the impact to move ISTEP to the spring would be \$11.8 M for English/Language Arts and Math, and \$1.6 M for Science over FY 2005-FY 2007.

*Spring Pilot:* CTB estimates the cost to produce a spring survey pilot examination would be \$4.2 M for English/Language Arts and Math, and \$0.7 M for Science over FY 2005-2007.

The bulk of the impact to state expenditures would be short-term (approximately two fiscal years) and would not be ongoing. Additionally, Indiana may receive additional federal dollars in future years under the No Child Left Behind Act for Grades 3 thru 10 ISTEP testing, a portion of which could help offset the costs associated with this proposal.

NOTE: The estimated cost of several of the items associated with the proposed spring pilot overlap with the cost estimates provided to completely move ISTEP to the spring. Therefore, the estimates provided for the spring test and the spring pilot are not additive and should not be summed.

In FY 2005, \$39,210,450 was appropriated from the state General Fund and state dedicated funds for ISTEP testing and remediation. Of this amount, approximately \$17 M were distributed to eligible school corporations for preventative and regular remediation, and approximately \$22.4 M were distributed for test development and administration.

*ISTEP Background:* ISTEP is Indiana's statewide student assessment program, which is administered to Grades 3 thru 10. ISTEP+ is a criterion-referenced test and administered in the fall based upon proficiencies from the previous year.

The criterion component of ISTEP (which includes English/Language Arts and Mathematics subject areas) measures student performance against the Indiana Academic Standard (an expectation of student achievement developed by the State Standards Task Force).

Beginning with the graduating class of the 1999-2000 school year, students who expected to graduate with a diploma were required to either: (1) complete all high school graduation credit requirements in addition to receiving a score at or above the Indiana Academic Standard on the examination; (2) successfully complete all

components of the CORE 40 curriculum; or (3) successfully appeal the examination test results in accordance with current law. A student who does not receive a score at or above the Indiana Academic Standard may retake the examination during each semester of each grade following the grade in which the student is initially tested.

In the 2003-2004 school year, approximately 61% of tenth grade students received a passing score on the examination in both English and Math. Approximately 61% of the tenth grade class in the 2002-2003 school year received a score at or above the Indiana Academic Standard on both portions of the examination.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Education; State Budget Agency; Office of the Attorney General.

**Local Agencies Affected:** School corporations.

**Information Sources:** Wes Bruce, Department of Education; CTB McGraw-Hill; State of Indiana, *List of Appropriations* (July 1, 2003, to June 30, 2005); *ISTEP+ Program Manual 2004-2005*; Department of Education Internet site: <http://ideanet.doe.state.in.us>.

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